Now's the Time to Buy These 3 High-Yield Dividend Stocks

Description

With an uncertain economic outlook and interest rates being near the record low, now's the time to buy dividend-paying stocks offering high yield. However, before buying a high-yield stock, consider its track record of dividend payments and its ability to grow its future earnings and cash flows.

Here I have shortlisted three **TSX**-listed companies that I believe are the best long-term dividend growth bets. Not only do these companies have a long history of increasing their dividends, but they are also fundamentally strong and continue to generate robust cash flows to support their future payouts.

Canadian Utilities: 5.6% dividend yield

Among all the publicly listed Canadian companies, **Canadian Utilities** (TSX:CU) has the longest record of consistently increasing its annual dividend. To be precise, the utility giant's dividends have uninterruptedly grown for the past 48 years. Moreover, the company's strong fundamentals suggest that it could continue to increase it further in the coming years.

Its high-quality earnings base supports the company's robust dividend payments. Canadian Utilities generates 95% of its earnings from regulated utility assets. Moreover, the company continues to expand its high-quality earnings base through investments in regulated and contracted assets.

With cost efficiencies and growth in its rate base, Canadian Utilities remains well positioned to continue to boost its investors' returns through higher dividend payments.

TC Energy: 5.8% dividend yield

TC Energy (TSX:TRP)(NYSE:TRP) has a solid track record of dividend payments, thanks to its resilient cash flows and continued investment in the core business. The company has increased its dividends for 20 consecutive years. Moreover, its dividends have grown at a compound annual growth rate (CAGR) of 7% over the past two decades.

TC Energy has total assets of $102 billion. Moreover, it generates most of its earnings from businesses that are either regulated or are backed by long-term contracts. Its business remained relatively immune to the COVID-19 pandemic, with its assets recording utilization rate at par with the historical levels.

The company is advancing its $37 billion secured capital program and projects its adjusted EBITDA to increase at a CAGR of 8% through 2024. Thanks to its resilient business and healthy EBITDA growth forecast, TC Energy expects its 2021 dividend to increase by 8-10%. Further, TC Energy forecasts a 5-7% increase in annual dividends beyond 2021.

A 8.5% dividend yield

Energy infrastructure giant **Enbridge** (TSX:ENB)(NYSE:ENB) is known for its robust dividend payments . The company has been paying dividends for 65 years. Meanwhile, last year it paid dividends worth $6 billion. In the past 25 years, Enbridge's dividend has increased at a CAGR of 11%, thanks to its strong cash flows and sustainable payout ratio.

While the COVID-19 pandemic weighed on its mainline throughput, its core business remained strong and continued to support its distributable cash flows and dividends. Enbridge's gas distribution and storage, gas transmission, and renewable power business continue to perform well and deliver robust cash flows. Meanwhile, its diversified revenue stream, long-term contractual arrangements, and cost containment measures further support its payouts.

Despite the challenges, Enbridge's dividends remain safe and could continue to increase in the coming years. Besides, Enbridge stock offers good value at the current levels.

CATEGORY

1. Coronavirus
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3. Energy Stocks

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2. NYSE:TRP (Tc Energy)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:ENB (Enbridge Inc.)
5. TSX:TRP (TC Energy Corporation)

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